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Processing Payments in HRMS

There are a variety of payments associated with the state payroll. In the new Human Resources Management System (HRMS), the accounting entries and processes used to generate and distribute payments will often differ from the way they are currently done in PAY1. To help clarify the HRMS process and facilitate the transition from PAY1, this document will identify the PAY1 process that is being replaced as well as describe the new way of doing business in HRMS.

1) General Ledgers (GL) and AFRS Transaction Codes (TC):

A. Salaries and Fringe Benefits Receivable

- **In PAY1:** Negative deduction amounts are moved within Account 035 State Payroll Revolving Account from GL 5124 (Accrued Salaries and Fringe Benefits Payable) to GL 1319 (Other Receivables).

- **In HRMS:** A new GL 1324 (Salaries and Fringe Benefits Receivable) replaces GL 1319 (Other Receivables) in this transaction. The new AFRS TC associated with the new GL is **024** (Record Payroll Receivable & LIA) and it will debit (DR) GL1324 and credit (CR) GL 5124.

- **For Overpayment Recoveries in HRMS:** Use Wage Type (WT) 3223 entitled "Repay Plan deduction". This WT generates **AFRS TC 186** (JV Rcpt-Collect Payroll Receivable), which will DR GL 7140 (Journal Vouchers In-process) and CR GL 1324.

B. Industrial Insurance and Medical Aid Deductions

- **In PAY1:** Accruals for Medical Aid and Industrial Insurance reside in Account 035, GL 5124.

- **In HRMS:** A new GL 5187 (Industrial Insurance and Medical Aid Deductions Payable) is used for these accruals.

  - **TC 187** (JV Receipt Med Aid & Ind Ins) will process the accrual accounting entry. This TC will DR GL 7140 (JVs in Process) and CR GL 5187.

- *NOTE: Breaking out these entries into a new GL should help you in your Account 035 reconciliation.*

- *NOTE: Be sure to check balances in both GL 5187 & 5124 before you process your payment to L & I. You may have dollars in both places.*

    - *Example: Group 2 payrolls from March 10 – June 25 would all reside in GL 5124.*

    - *Example: Group 2 payrolls from April 25 – July 10 would have five payrolls in GL 5124 and one in GL 5187.*

- Medical aid deductions will vary from paycheck to paycheck, based on the actual number of hours worked in a pay period.

  - PAY1: For salaried employees calculated the deductions based on 80 hours per pay period. For hourly employees, it was based on regular hours paid in a pay period.

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- HRMS: Calculates the deduction based on hours physically worked in a pay period (pay period hours vary). Any leave taken during a pay period, paid or otherwise, does not count. Overtime hours will increase the medical aid deduction.

  - ***Example: if an employee takes 20 hours of vacation and 8 hours of sick leave during a pay period, HRMS will not deduct medical aid for the 28 hours the employee was not physically at work***.

  - If leave is entered after the pay period in which it was taken, medical aid adjustments will be made in the period in which the leave is entered into the system.

- **To Transfer Funds to the Department of Labor and Industries:** Agencies should continue to use on-line reporting and the AFRS IAP process with **TC 642** (Inter-Agency Payment/Accts Payable). This TC has a variable GL and agencies should enter GL 5187 as the debit. *Be sure to update any existing JV's with the new GL that is used to generate the quarterly payments.*

C. Employee Insurance, Savings Bonds, and Garnishments

- **In PAY1:** Amounts accrued to GL's 5181(Employee Insurance Deductions Payable), 5188 (Savings Bond Deductions Payable), and 5189 (Garnishment Deductions Payable) are first credited to Account 035, GL 5124, and then transferred to the appropriate GL.

- **In HRMS:** The accruals **will not** "pass through" GL 5124 first. The following AFRS TC's will be used to record the accruals:

  - **327** (JV Receipt Insurance Deduction)
    DR GL 7140 and CR GL 5181.

  - **797** (JV Receipt Savings Bond)
    DR GL 7140 and CR GL 5188.

  - **180** (JV Receipt Garnishment)
    DR GL 7140 and CR GL 5189.

2) Payments to Other Agencies:

A. Accruals to GL 5199

Rather than create warrants payable to state agencies, some deduction wage types will automatically create an accrual Account 035 to GL 5199 (Other Liabilities).

- **In PAY1:** Deduction Code 4010 (Overpayment) creates a warrant payable to the State Treasurer.

- **In HRMS:** An AFRS **TC 297** (JV Transfer-Record other Liability -TREA) will DR GL 7140 and CR GL 5199 to record the accrual. Agencies can use a JV to transfer the funds to the appropriate account coding within your agency. Or, if applicable, agencies can transfer the funds to another agency.

  - If the transfer is an IAP use TC 649 (5199V/5154).

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- If the transfer will process manually use TC 965 (5199V/7140) for your first line of the JV and TC 297 (7140/5199) for the second line.

  o **Other examples:**
    – Agency Parking Reimbursement
    – Doc Emp Assn
    – Lodging (Rent)
    – Lodging (Deposit)
    – Meals
    – Recoup for loaned objects
    – Utilities
    – ERT Tuition
    – Arrears to DRS Subj W/H
    – Restore to DRS
    – Arrears to Treas W/H Def
    – Agency Reimbursement
    – DB Agency Reimbursement
    – DB Arrears payable to DRS
    – DB Restore to DRS
    – DB Arrs payable to Treasr

B. Mid Period Transfers and Retroactive (Retro) Transactions:

- New AFRS TC's are available and automatically generated for mid period transfers and retros.

C. Combined Fund Drive (CFD) and Guaranteed Education Tuition (GET):

- **In PAY1:** CFD and GET deductions are made by warrant.

- **In HRMS:** Two JV's are created, each with a new document number and transferred via automated JV to the appropriate agency.

  o CFD deductions will be transferred to Department of Personnel (DOP) to Account 525 Washington State Combined Fund Drive and identified with a current document number CFDPyypp.

  o GET deductions will be transferred to Higher Education Coordinating Board (HECB) to Account 788 Advanced College Tuition Payment Program Account and identified with a current document number GETPyypp.

  o These agencies will be receiving an interface from HRMS (MDR) that provides the employee detail.

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D. Long Term Disability (LTD) and Life Insurance Deductions:

- **In PAY1:** An INS JV is created for both Life and LTD.

- **In HRMS:** Two JV's are created, each with a new document number.

  o LFEPyypp

  o LTDPyypp

  o Life and LTD deductions are paid directly to HCA each payday.

3) AFRS Current Document Numbers:

- **In PAY1:** The current document number is composed of alpha characters followed by a PAY1 generated sequential number. Examples: PR-123, P123, EFT123.

- **In HRMS:** The current document number will start off with alpha characters, the same as PAY1, followed by the character "P." However, rather than a sequentially generated number, the alpha characters will be followed by numbers that represent the calendar year and pay period number in which the document was created.

  o Pay periods are numbered sequentially through the year. The pay period number for the January 10 payday is 01 and for the last payday in December it is 24.

  o Therefore, by looking at the current document number, you will know the year and pay period of the document. For instance, 0603 represents the 3rd pay period in 2006. Examples of document numbers: PR-P0603 RETP0603

  o The following are document numbers used for processing in AFRS:

    - **PR-Pyypp**: Records employer costs in operating accounts, transfers amounts to Account 035, and accrues amounts in GLs 5124, 5181, 5187, 5188, 5189 and 5199
    - **LFEPyypp**: Life Insurance JV
    - **LTDPyypp**: LTD JV
    - **INSPyypp**: Health Insurance billing from HCA
    - **RETPyypp**: Retirement JV
    - **DEFPyypp**: Deferred Comp JV
    - **DCAPyypp**: Dependent Care JV
    - **SAVPyypp**: Savings Bond Purchase
    - **Pyypp**: Net Pay Warrants/EFTs
    - **GETPyypp**: Guaranteed Education Tuition (GET) JV
    - **CFDPyypp**: Combined Fund Drive (CFD) JV
    - **TXLPyypp**: Federal income taxes paid to the IRS via the Electronic Funds Payments
    - Transfer System (EFTPS)
    - **RECPyypp**: Receivable set up in GL 1324 (retros, mid period transfers)
    - **TSFPyypp**: Amounts transferred between agencies (retros, mid period transfers)

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4) Payments to Third Party Vendors:

- **In PAY1:** DOP produces third party vendor payments and remittance advices.

- **In HRMS:** Vendor payments are produced by AFRS using one of four payment methods:

  o **ACH (Automated Clearinghouse):** An electronic funds transfer to the vendor account.

  o **Journal Voucher (JV):** A transfer of funds between accounts in the State Treasury.

  o **Inserted warrant:** A warrant mailed directly to the vendor.

  o **Regular warrant:** A warrant released to the agency. The agency sends the warrant to the vendor.

Agencies do not need to mail warrants/ACH remittance advices if a vendor is set up for ACH, inserted warrant, or a JV payment.

Agencies will mail warrants or complete JV's to vendors who are set up to have regular warrants or agency deductions accrued to GL 5199. Regular warrants will be distributed to the agency with vendor payment warrants. *NOTE: In some agencies, the vendor payment office may be at a different location than the payroll office.*

NOTE: ACH payments are deposited directly to the vendor's bank account on State paydays (generally the 10th and 25th). Paper warrants are mailed on State paydays. This may create a significant difference in the date the funds are received by the vendor. The State is strongly encouraging vendors that currently receive paper warrants to sign up for ACH payments.

A. AFRS Provides Summary Information by Agency for Third Party Vendor Payments

- AFRS includes a Remittance Advice containing summary information with each payment.

  o Payments will be summarized at the Agency level.

  o Individual Sub Agency payments are not produced.

B. HRMS Produces Payment Detail Information for Third Party Vendors

- The payment detail will contain a list of employees, social security numbers, sub totals at the Agency (Business Area) level, and a grand total for the vendor.

  o In PAY1: This was called the Miscellaneous Deduction Register (MDR).

  o In HRMS: This is called the "Remittance Detail Report".

- Detail information will be delivered to the vendor using one of the following methods:

  o **Electronic Interface:** Vendors that are registered to receive payment detail using this method will receive electronic interfaces for all payments.

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The following vendors are registered:

- Washington Federation of State Employees (Union Dues)
- Health Care Authority (Health/Medical, Life, LTD)
- Department of Personnel (Combined Fund Drive)
- Department of Personnel (Insurance Reconciliation)
- Dept of Retirement Systems (Dependent Care)
- General Administration (Parking Deductions)
- Dept of Social & Health Svcs (Child Support Payments)
- Liberty Mutual Insurance Co (Auto Home deductions)
- Local 17 (Union Dues)
- Nurse's Union-UAN/ANA/AFL-CIO (Union Dues)
- Colonial life insurance (Life Insurance)
- Higher Education Coordination Board (Guaranteed Education Tuition-GET)
- Columbia Credit Union
- Generations Credit Union
- Twin County Credit Union
- Washington State Employees Credit Union
- Evergreen Federal Credit Union
- Transportation Northwest Credit Union
- Social and Health Services Federal Credit Union
- Washington Public Employee Association

o **Remittance Detail Report mailed by DOP:** DOP will mail the report to vendors through General Administration Consolidated Mail Services.

- DOP mails the report for all inserted warrants.
- DOP mails the report for all ACHs.
- Exception -- the vendor receives payment detail via the electronic interface.
- Examples of vendors receiving theses reports (this is not a complete list):
    - AFLAC
    - ReliaStar Life Insurance
    - American Family Life Assurance Co.
    - Colonial Life & Accident Insurance

o **Agencies Run the Remittance Detail Report and Distribute to Vendors:**

- When the agency is mailing the regular warrant to the vendor.
- Exception -- the vendor receives payment detail via the electronic interface.
- Examples:
    - Other state income tax
    - Voluntary wage assignments

- Vendors and Agencies will be notified of this change by DOP and OFM.

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5)   Reconciliation Items:

Please keep your YTD reconciliation up to date each month.

Please ensure that your GL 5188 for Savings Bonds is reconciled, paying close attention to the reserve balances. The AFRS balance at the end of a fiscal month should match your SM3740 report that is printed from PAY1. Example: FM06 (December) in AFRS should match the SM3740 dated around January 4. Here are a few common problems associated with GL 5188:

- Terminated employees still have a reserve balance.
- Refunding an employee when the system processed a bond purchase.
- Zeroing out a reserve balance without processing a refund.
- Refunding an employee without zeroing out the reserve balance.
- Employee transfers to another agency with a reserve balance.

In addition, you should keep your Account 035 reconciled each month. Clean up GLs 1319, 5124, 5181, 5189, and any others that need attention.

6)   Contact Information:

- **For questions about payments made through AFRS, contact the OFM vendor help desk:**
  Email: vendorhelpdesk@ofm.wa.gov
  Phone: (360) 664-7779

- **For questions about HRMS or detail payment information, contact the DOP help desk:**
  Email: helpdesk@dop.wa.gov
  Phone: (360) 664-6400

- **For questions about payroll accounting, contact Steve Nielson or Lynn Rostvold:**
  Email: steve.nielson@ofm.wa.gov or lynn.rostvold@ofm.wa.gov
  Phone: Steve (360) 664-7681 or Lynn (360) 664-7777